

**UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

PASTOR BENJAMIN A. JOHNSON, DR.  
RONALD A. LUNDEEN, and PASTOR  
ARTHUR F. HAIMERL on behalf of  
themselves and all others similarly situated,

Plaintiffs,

v.

EVANGELICAL LUTHERAN  
CHURCH IN AMERICA, AND THE  
BOARD OF PENSIONS OF THE  
EVANGELICAL LUTHERAN  
CHURCH IN AMERICA,

Defendants

Court File No. 11-cv-00023 (MJD-LIB)

**DECLARATION OF JOHN G.  
KAPANKE**

I, John G. Kapanke, declare as follows:

1. In 1987, I was appointed President and Chief Executive Officer of the Board of Pensions of the Evangelical Lutheran Church in America (the "Board"). I retained my role as President and Chief Executive Officer of the Board until my retirement on September 30, 2011. In my capacity as a former officer of the Board, I have personal knowledge of the factual information stated in this declaration except as otherwise indicated and, if called to testify, could testify truthfully and competently to the facts set forth herein.

2. The Board managed the Participating Annuity and Bridge Fund's ("Annuity Fund") risk and return by adhering to a strategic asset allocation. Among the considerations relevant to the selected asset allocation was the need to maintain short-



term liquidity to permit the Annuity Fund to make monthly benefit payments to annuitants, while also obtaining significant enough returns to ensure the Fund's ability to make lifetime payments to annuitants and their co-annuitants. The asset allocation was also established with an aim to meet the Board's goal of increasing the payments to permit them to keep pace with anticipated inflation.

3. I, along with the Board's investment staff and the Board of Trustees, periodically reviewed and adjusted the Annuity Fund's asset allocation. Among the many duties that I performed as President and CEO was reviewing and monitoring the Annuity Fund's investment performance and funded status. My review and monitoring included reading documents created and maintained in the ordinary course of the Board's business that showed the Annuity Fund's investment performance against its benchmark and its actual asset allocation compared to its target allocation. The Board managed the Annuity Fund within ranges of its target allocation.

4. Attached as Exhibit 1 is a copy of a letter dated September 2009 that I sent to annuitants advising them of actions that the Board would be taking to address the Annuity Fund's funding gap created by the downturn in the investment markets in 2008 and early 2009. Also attached is a copy of the enclosure the Board sent with that letter titled, "ELCA Participating Annuity and Bridge Fund Adjustments, Frequently Asked Questions" and "About the ELCA Participating Annuity and Bridge Fund, Summary of Features."



I declare under penalty of perjury under the laws of the United States of America  
that the foregoing is true and correct.

Executed this 6<sup>th</sup> day of September 2012, in Minneapolis, Minnesota.

  
John G. Kapanke